

## PICARD LLP

Picard, Kentz & Rowe LLP  
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February 14, 2011

### ATTORNEY-CLIENT COMMUNICATION PRIVILEGED AND CONFIDENTIAL

Her Excellency Zeljka Cvijanovic  
Minister of Economic Relations  
The Government of Republika Srpska  
Trg Republike Srpske 1  
Banja Luka, Republika Srpska  
Bosnia-Herzegovina

Re: Engagement Agreement

Dear Madam Minister:

Picard, Kentz and Rowe LLP ("Firm") is very pleased to provide this engagement agreement for continued services to the Government of Republika Srpska.

1. Client.

For purposes of this engagement, our client will be the Government of Republika Srpska ("Republika Srpska").

2. Scope of Engagement.

We will work with Republika Srpska and its designated representatives to devise and execute the following:

- a. legal and diplomatic strategy regarding Republika Srpska's legal rights with respect to activities of the Office of the High Representative in Bosnia-Herzegovina;
- b. legal and diplomatic strategy concerning Republika Srpska's legal rights with respect to the legal status and administration of Brčko District; and

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- c. provision of general advice and representation regarding international legal and policy matters as requested by the Government from time to time.

3. Retainer, Fees, Expenses, and Other Charges and Billing and Payment.

a. General Terms.

Republika Srpska will pay Firm a monthly retainer fee of US\$167,000 ("Monthly Retainer") for work performed under this Agreement inclusive of expenses incurred by the Firm related to the performance of such services. Republika Srpska will pay the Monthly Retainer by the 15th day of each month of Firm's performance of services for that particular month; except for the first payment, which shall be made no later than February 28, 2011, and will cover fees and expenses for the month of February 2011. Thereafter, payments of the Monthly Retainer will be made by the 15th day of each month during the term of this Agreement.

Republika Srpska agrees to pay all invoices owed to the Firm for services performed up to and including January 31, 2011, under the earlier letter agreements between Republika Srpska and the Firm no later than 15 days from the execution of this Agreement. The total amount of such outstanding invoices is US\$290,000.

b. Billing and Payment.

In the normal course, you will receive on a monthly basis a confidential statement for our Monthly Retainer. Republika Srpska agrees to make payment promptly upon receipt by the 15<sup>th</sup> day of each month as set forth in Section 3(a) above. In the event of repeated late payments, we reserve the right in our sole discretion to charge a late fee at the rate of 12 percent interest per annum on all sums not paid on time. If you have any questions or comments concerning our services or charges during the course of our representation, please bring them to my attention so that any problems can be quickly resolved.

All compensation, expense reimbursement and any other payments to us shall be remitted and paid in U.S. dollars and without withholding or deducting any tax, assessment or other governmental charge (collectively, "Tax"). If you shall be required to deduct or withhold any such Tax, or if any Tax is required to be paid by us solely on account of the services performed hereunder, you shall pay to us such additional amounts as shall be required so that the net amount received by us from you after such deduction, withholding or payment shall equal the amounts otherwise due to us.

Payments will be wire transferred to our account, pursuant to the account information that will be provided in the Firm's invoices. At the conclusion of this engagement, any remaining amounts in our retainer account will either be returned to you or applied with your consent to other outstanding matters for which we may be engaged by you.

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4. Disclosure of Information/Indemnification.

Republika Srpska agrees to (1) disclose to Firm, fully, accurately, and on a timely basis, all facts that are or might be material to Firm's representation of Republika Srpska; (2) keep Firm apprised on a timely basis of all developments relating to the representation that are or might be material; and (3) otherwise cooperate fully with Firm. Firm agrees to maintain confidentiality of information gained in the course of its representation of Republika Srpska in accordance with our professional responsibilities.

5. Conflicts of Interest.

It is possible during or after the time we represent you that some other current or future client will ask us to represent it in connection with some dispute, transaction, or other matter that is not substantially related to our representation of you in which the interests of such client may be directly adverse to your interests. You acknowledge and agree that, consistent with our professional responsibilities to you, Firm may continue, or in the future undertake, to represent any existing or new client in any matter, even if the interests of such client in such matter are directly adverse to yours, as long as such matter is not substantially related to our representation of you. We agree not to represent any such clients in their assertion of claims against Republika Srpska.

6. Term of Engagement.

This Agreement shall enter into force upon the last date of signature below and continue for an initial term ending December 31, 2011, and thereafter shall continue from year to year unless either party provides to the other party a notice in writing of their wish to discontinue the services provided for by this Agreement for the next year. Such written notice shall be provided by the requesting party 30 days prior to the end of the year's term then in progress.

Republika Srpska has the right to terminate our representation at any time upon written notice, and all outstanding charges will become due at that time. We reserve the right to withdraw from the representation at any time consistent with the rules of professional responsibility governing attorneys in our jurisdiction. We may also suspend or terminate work on behalf of a client that does not pay our statements within 30 days after they are rendered. Our right to withdraw as counsel shall, of course, be consistent with the applicable rules of professional responsibility.

Upon the termination of this engagement, we will either make arrangements to return to you all copies or originals of documents or materials belonging to you or otherwise constituting client records, store them at your expense, or dispose of them. You agree that we may keep copies of any such files if we so choose. You also agree that our own internal files (including but not limited to firm administrative records, time and expense reports, personnel and staffing materials, accounting records, and related documents) and attorney work product (including without limitation drafts, notes, legal memoranda, and other legal and factual research reflecting our opinions and mental impressions) pertaining to this matter are our property and will not be delivered to you at the conclusion or upon the termination of our engagement.

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7. Governing Law and Dispute Resolution.

Our engagement shall be governed by, and construed in accordance with, the laws of the State of New York, exclusive of the law of conflicts of laws.

All actions or proceedings arising out of or relating to this engagement shall be heard and determined in courts of the District of Columbia, United States of America; however, nothing herein shall limit the right of the parties to stipulate and agree to submit any dispute to binding arbitration in lieu of litigation.

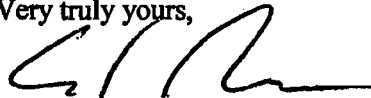
In the event of any inconsistencies between the English version and Serbian translation of this Engagement Agreement, the English version shall prevail.

The terms of this engagement can be modified only by written agreement of all the parties hereto.

If the foregoing correctly reflects the terms and conditions of our engagement, please indicate your acceptance by executing this letter agreement in the space provided below and return it to our office. The effective date of our engagement will be February 1, 2011.


We are very pleased to have the opportunity to work with you on these matters. If you have any questions about the terms of our engagement, please do not hesitate to contact me at any time. We are very much looking forward to working with you and your colleagues.

Very truly yours,



Edward B. Rowe  
Partner

AGREED TO AND ACCEPTED:



For the Government of Republika Srpska



25.02.2011.

Date 17.01.054-127/11